

Message Text

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QUOTE: C O N F I D E N T I A L STATE 181995 TOSEC 190064

E.O. 11652: GDS

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SUBJECT: DEVELOPMENTS IN PERU

1. SUMMARY: DEVELOPMENTS IN PERU SINCE ABRUPT OUSTER OF PRIME MINISTER AND OTHER KEY LEFTISTS ON JULY 17 SUGGEST A POSSIBLE SHIFT IN PERUVIAN POLICY ATTITUDES FAVORABLE TO OUR INTERESTS. ALTHOUGH IT IS TOO EARLY TO BE SURE, THE REMOVAL OF LEFTIST CABINET MEMBERS APPEARS LIKELY TO FACILITATE PERU'S ACCESS TO NEEDED FINANCIAL ASSISTANCE, ACCELERATE RESOLUTION OF MARCONA CASE AND OTHER BILATERAL ISSUES, AND LEAD TO A MORE CAUTIOUS PERUVIAN STANCE IN FOREIGN AFFAIRS. END SUMMARY.

2. EMBASSY LIMA REPORTING INDICATES CHANGE OF KEY MINISTERS OF MORALES BERMUDEZ GOVERNMENT HAS BEEN FOLLOWED BY OTHER CHANGES IN MILITARY REGIME SUGGESTING A) SHIFT AWAY FROM RADICAL LEFT AND B) UNIFICATION OF POSITIONS BEHIND MORE CONFIDENTIAL

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MODERATE REVOLUTIONARY POLICIES OF PRESIDENT. GENERAL ARBULU, NEW PRIME MINISTER, DESCRIBED AS A CONSERVATIVE IN PERUVIAN POLITICAL SPECTRUM; HAS MUCH WIDER SUPPORT IN MILITARY THAN PREDECESSOR FERNANDEZ MALDONADO ENJOYED. SOME

OBSERVERS INDEED SPECULATE ON POSSIBLE "OPENING TOWARD DEMOCRACY", BUT WE DO NOT EXPECT GOP TO MOVE TOO DRASTICALLY OR QUICKLY AWAY FROM "REVOLUTIONARY" PROGRAMS.

3. CONTENT OF POLICY MAY, HOWEVER, BE SIGNIFICANTLY ADJUSTED UNDER MORALES BERMUDEZ AND ARBULU. IN OAS ECONOMIC-REVIEW MEETING ON PERU HERE, DURING FIRST-RATE PRESENTATION ON GOVERNMENT'S STRONG FINANCIAL STABILIZATION PROGRAM, PERU DELEGATION MENTIONED THAT OIL EXPLORATION/DEVELOPMENT IS BEING LIBERALIZED AND LARGE FISHMEAL INDUSTRY WILL IN PART BE DENATIONALIZED. MORALES BERMUDEZ WILL MAKE SPEECH TO NATION JULY 28 WHICH IS EXPECTED TO REVEAL GUIDELINES OF NEXT PHASE OF PERUVIAN REVOLUTION.

4. NEW FOREIGN MINISTER DE LA PUENTE HELD FIRST PRESS CONFERENCE JULY 19. IN HOUR-LONG EXPOSITION SAID A NUMBER OF ENCOURAGING THINGS. CONFIRMED INTENTION ANNOUNCED IN MORALES BERMUDEZ SPEECH MARCH 31 TO GIVE PRIORITY ATTENTION TO LATIN AMERICAN AFFAIRS(DEEMPHASIZING PREVIOUS THIRD-WORLDISM). MEETINGS WITH PINOCHET OF CHILE AND GIESEL OF BRAZIL DEFINITELY ON SCHEDULE. DE LA PUENTE EXPRESSED UNDERSTANDING OF AND SYMPATHY WITH BOLIVIA'S ASPIRATION TO GAIN OUTLET TO SEA. SAID PERU WANTS TO RECEIVE HEALTHY FOREIGN INVESTMENT IN PERU, "RESPECTFUL OF LEGAL FRAMEWORK AND IN AREAS NOT PREVIOUSLY BENEFICIARY OF TRANSNATIONAL INVESTMENTS"; ADMITTED THAT IF SOME TNE'S HAD BEEN "NEGATIVE FACTOR" IN PERU IT WAS "PARTIALLY BECAUSE WE SINNED IN NOT FIXING RULES OF THE GAME".

5. NO COMMENT MADE BY DE LA PUENTE ON RELATIONS WITH COMMUNIST COUNTRIES. LOCAL JOURNALISTS HAVE TOLD EMBASSY GOP HAS DEFINITELY AGREED TO PURCHASE SOVIET SU-22'S, BUT WE HAVE NO HARD INFORMATION TO THIS EFFECT. FURTHERMORE, WE NOTE RESERVATIONS IN MILITARY ABOUT FURTHER EXTENSION SOVIET SUPPLY ROLE AND IMPACT DEAL COULD HAVE ON NEGOTIATIONS TO OBTAIN BALANCE-OF-PAYMENT FINANCING. ACCORDING TO ONE REPORT, PERUVIAN MILITARY HAVE CONSULTED WITH CONFIDENTIAL

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EGYPTIANS ON SOVIET SUPPLY OF PLANES AND WERE TOLD OF DIFFICULTIES WITH HARDWARE ITSELF PLUS INEVITABLE ATTENDANCE OF HORDES OF SOVIET ADVISORS.

6. OPPOSITION TO SHIFT OF GOP TOWARD CENTER IS PREDICTABLE BUT HAS NOT YET ASSUMED MATERIAL FORM. GENERAL STRIKES BY TEACHERS ON RECENT ECONOMIC MEASURES AND BY COMMUNIST LABOR FEDERATION ON ARREST OF FORMER SECRETARY GENERAL SCHEDULED FOR TODAY AND ANOTHER STRIKE FOR LATER THIS MONTH. ONE REPORT SPEAKS OF ARMS BEING DISTRIBUTED TO SUPPORTERS DEPOSED PRIME MINISTER FERNANDEZ MALDONADO. HOWEVER, SO FAR NO CONCRETE MOVES HAVE BEEN MADE TO RESIST OR REVERSE CHANGES. A NUMBER OF EXTREME LEFTISTS HAVE BEEN

ARRESTED, AND MILITARY APPEARS READY AND WILLING TO
SUPPRESS OPPOSITION. ROBINSON

UNQUOTE ROBINSON

CONFIDENTIAL

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